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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 12, 2003

APPLICATION OF

GRANITE TELECOMMUNICATIONS, LLC

CASE NO. PUC-2002-00205

For certificates of public
convenience and necessity to
provide local exchange and
interexchange telecommunications
services

FINAL ORDER

On October 15, 2002, Granite Telecommunications, LLC ("Granite" or the "Company"), filed an application for certificates of public convenience and necessity with the State Corporation Commission ("Commission") to provide local exchange and interexchange telecommunications services throughout the Commonwealth of Virginia. The Company requested authority to price its interexchange telecommunications services on a competitive basis pursuant to § 56-481.1 of the Code of Virginia ("Code"). Granite also requested a waiver of the requirements to file audited financial statements required by 20 VAC 5-400-180 B 5 and E 1 d, the Rules Governing the Offering of Competitive Local Exchange Telephone Service ("Local Rules").

By Order dated November 8, 2002, the Commission directed the Company to provide notice to the public of its application and directed the Commission Staff to conduct an investigation

and file a Staff Report. On November 25, 2002, and December 12, 2002, respectively, the Company filed proof of service and proof of publication as required by the November 8, 2002, Order.

As noted above, Granite requested a waiver of the requirement for audited financial statements. At the suggestion of the Staff, the Company agreed to provide a \$50,000 bond in lieu of audited financial statements. The Staff requested Granite remit the bond to the Division of Economics and Finance on or before January 16, 2003. On January 13, 2002, Granite filed a Motion for Extension of Time to provide the bond in lieu of audited financial statements. The Commission granted the request by Order issued January 23, 2003, and extended the procedural schedule of the case.

On February 24, 2003, the Staff filed its Report finding that Granite's application was in compliance with the Local Rules and 20 VAC 5-411-10, the Rules Governing the Certification of Interexchange Carriers ("Interexchange Rules"). Based upon its review of Granite's application, the Staff determined it would be appropriate to grant the Company certificates to provide local exchange and interexchange telecommunications services subject to the following conditions: (1) should Granite collect customer deposits, it shall, prior to collecting any deposits, establish and maintain an escrow account for such funds, held in a Virginia office of a duly chartered state or

national bank, savings and loan association, savings bank, or credit union that is unaffiliated with the Company and shall notify the Division of Economics and Finance of the escrow arrangement at its inception and any subsequent change to the arrangement. Any escrow arrangement established pursuant to this requirement shall be maintained until such time as the Staff or Commission determines it is no longer necessary; and (2) Granite shall notify the Division of Economics and Finance 30 days prior to the cancellation or lapse of its bond and shall provide a replacement bond. This requirement shall be maintained until such time as the Staff or the Commission determines it is no longer necessary.

NOW THE COMMISSION, having considered the application and the Staff Report, finds that the Company should be granted certificates to provide local exchange and interexchange telecommunications services. Having considered § 56-481.1 of the Code, the Commission finds that the Company may price its interexchange telecommunications services competitively. The Commission further finds that Granite should be granted a waiver from filing audited financial statements and, in the alternative, maintain the bond provided to the Division of Economics and Finance.

Accordingly, IT IS ORDERED THAT:

(1) Granite is hereby granted a certificate of public convenience and necessity, No. TT-192A, to provide interexchange telecommunications services subject to the restrictions set forth in the Interexchange Rules, § 56-265.4:4 of the Code, and the provisions of this Order.

(2) Granite is hereby granted a certificate of public convenience and necessity, No. T-609, to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, § 56-265.4:4 of the Code, and the provisions of this Order.

(3) Pursuant to § 56-481.1 of the Code, the Company may price its interexchange telecommunications services competitively.

(4) The Company shall provide tariffs to the Division of Communications that conform to all applicable Commission rules and regulations.

(5) Should Granite collect customer deposits, it shall, prior to collecting any deposits, establish and maintain an escrow account for such funds, held in a Virginia office of a duly chartered state or national bank, savings and loan association, savings bank, or credit union that is unaffiliated with the Company and shall notify the Division of Economics and Finance of the escrow arrangement at its inception and any

subsequent change to the arrangement. Any escrow arrangement established pursuant to this requirement shall be maintained until such time as the Staff or Commission determines it is no longer necessary.

(6) Granite is hereby granted a waiver of §§ B 5 a and E 1 d of the Local Rules requiring audited financial statements. In the alternative, Granite shall maintain the License/Permit Bond in the amount of \$50,000 previously provided to the Division of Economics and Finance.

(7) Granite shall notify the Division of Economics and Finance 30 days prior to the cancellation or lapse of the License/Permit Bond identified in Ordering Paragraph (6) above and shall provide a replacement bond. This requirement shall be maintained until such time as the Staff or the Commission determines it is no longer necessary.

(8) There being nothing further to come before the Commission, this case shall be dismissed and the papers filed herein placed in the file for ended causes.